

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/HJR 1 Additional Homestead Property Tax Exemption for Specified Critical Public Services Workforce

**SPONSOR(S):** Ways & Means Committee, Tomkow and others

**TIED BILLS:** HB 1563 **IDEN./SIM. BILLS:** SJR 1746

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Ways & Means Committee	15 Y, 0 N, As CS	Davis	Aldridge
2) Local Administration & Veterans Affairs Subcommittee	18 Y, 0 N	Darden	Miller
3) State Affairs Committee			

### SUMMARY ANALYSIS

The Florida Constitution requires all property to be assessed at just value (market value) as of January 1 of each year for purposes of ad valorem taxation. Ad valorem assessments are used to calculate property taxes that fund counties, municipalities, district school boards, and special districts. The taxable value against which local governments levy tax rates each year reflects the just value as reduced by applicable limitations and exemptions allowed by the Florida Constitution. One such exemption is on the first \$25,000 of assessed value of a homestead property, which is exempt from all taxes. A second homestead exemption is on the value between \$50,000 and \$75,000, which is exempt from all taxes other than school district taxes.

This joint resolution proposes an amendment to the Florida Constitution to authorize the Legislature to provide by general law, and subject to conditions specified therein, an additional homestead exemption of \$50,000 on the assessed value between \$100,000 and \$150,000 for all taxes other than school district taxes for specified critical public service employees.

Subject to approval by 60 percent of voters during the 2022 general election or earlier special election, the amendment proposed in the joint resolution will take effect on January 1, 2023. The joint resolution is not subject to the governor's veto powers.

The Revenue Estimating Conference estimated that the joint resolution will not have an impact on local government revenue as the amendment it proposes is subject to voter approval and is not self-executing.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### Current Situation

The Florida Constitution reserves ad valorem taxation to local governments and prohibits the state from levying ad valorem taxes on real and tangible personal property.<sup>1</sup> Ad valorem taxes are annual taxes levied by counties, cities, school districts and certain special districts. These taxes are based on the just or fair market value of real and tangible personal property as determined by county property appraisers on January 1 of each year.<sup>2</sup> The just value may be subject to limitations, such as the “save our homes” limitation on homestead property assessment increases.<sup>3</sup> The value arrived at after accounting for applicable limitations is known as the assessed value. Property Appraisers then calculate taxable value by reducing the assessed value in accordance with any applicable exemptions, such as the exemptions for homestead property.<sup>4</sup> Each year, local governing boards levy millage rates (i.e. tax rates) on taxable value to generate the property tax revenue contemplated in their annual budgets.

The homestead exemption is specified in Article VII, Section 6 of the Florida Constitution, which provides that every person who holds legal or equitable title to real estate and uses said real estate as a permanent residence for themselves or a legal or natural dependent is entitled to exemption from taxes on the first \$25,000 of assessed value.<sup>5</sup> In 2008, Florida voters amended this provision to include an additional \$25,000 exemption from all taxes other than school district taxes on assessed value greater than \$50,000.<sup>6</sup> The constitution also vests the legislature with authority to enact general law establishing the manner in which individuals qualify for exemption. Accordingly, s. 196.031(1)(b), F.S., automatically grants the additional, non-school homestead exemption to every individual who qualifies for the initial homestead exemption on the first \$25,000 in assessed value. An additional homestead exemption is not currently in place which benefits classroom teachers, law enforcement officers, correctional officers, firefighters, child welfare services professionals, active duty military personnel, or members of the Florida National Guard.

##### Effect of Proposed Changes

This joint resolution proposes to add Section 6(g) to Article VII of the Florida Constitution to authorize the Legislature to provide by general law an additional homestead exemption from all ad valorem taxes other than school district taxes on the assessed value from \$100,000 to \$150,000 of homestead property owned by classroom teachers, law enforcement officers, correctional officers, firefighters, child welfare services professionals, active duty military members of the United States Armed Forces, and members of the Florida National Guard. Approving the joint resolution would place the amendment on the ballot during either the 2022 general election or an earlier special election held for the purpose of proposing this amendment to the voters.<sup>7</sup> Pending voter approval, the amendment will take effect on January 1, 2023.

### II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

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<sup>1</sup> Art. VII, s. 1(a), Fla. Const.

<sup>2</sup> Art. VII, s. 4, Fla. Const.

<sup>3</sup> S. 193.155(1), F.S.

<sup>4</sup> S. 196.031, F.S.

<sup>5</sup> Art. VII s. 6, Fla. Const.

<sup>6</sup> *Id.*

<sup>7</sup> Note: Pursuant to Article XI, Section 5 of the Florida Constitution, placing the joint resolution on a special election ballot would require the legislature to pass a general law by 3/4<sup>th</sup> vote of each house.

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Article XI, s. 5(d) of the Florida Constitution requires publication of a proposed amendment in a newspaper of general circulation in each county. The Division of Elections within the Department of State must advertise the full text of the amendment twice in a newspaper of general circulation in each county where the amendment will appear on the ballot. The Division must also provide each supervisor of elections with either booklets or posters displaying the full text of each proposed amendment.<sup>8</sup> The Division has not estimated the costs to advertise the amendment and produce the booklets or posters. These costs are normally paid from non-recurring General Revenue Funds.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Revenue Estimating Conference estimated that the joint resolution will not have an impact on local government revenue as the amendment it proposes is subject to voter approval and is not self-executing.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None, because the amendment proposed by the joint resolution is subject to voter approval and is not self-executing.

D. FISCAL COMMENTS:

None.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The mandates provision applies only to general laws, not to a joint resolution proposing to amend the state Constitution.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

#### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**

On January 31, 2022, the Ways and Means Committee adopted an amendment and reported the joint resolution favorably as amended. The amendment limits the proposed additional homestead exemption to non-school taxes and provides that the exemption applies to real estate wherein another or others legally or naturally dependent upon the owner maintain permanent residence, consistent with the existing homestead exemptions in Art. VII, s. 6(a), Fla. Const.

This analysis is drafted to the joint resolution as amended by the Ways and Means Committee.